

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 IO-11 ISO-00 SSO-00 NSCE-00

USIE-00 INRE-00 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00

FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05

PA-01 AID-05 CIEP-01 SS-15 STR-04 ITC-01 TRSE-00

PRS-01 SP-02 FEAE-00 OMB-01 XMB-02 OPIC-03 /109 W

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O R 121700Z FEB 76

FM USMISSION GENEVA

TO SECSTATE WASHDC IMMEDIATE 8123

INFO AMEMBASSY WELLINGTON

USMISSION OECD PARIS

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EO 11652: N/A

TAGS: GATT, ETRD, NZ

SUBJECT: GATT HANDLING OF NEW ZEALAND IMPORT DEPOSIT SCHEME

REF: GENEVA 780, STATE 24210, GENEVA 574

1. NEW ZEALAND MISSION HAS INSTRUCTION FROM WELLINGTON TO RESIST ANY REFERRAL OF NZ PRIOR IMPORT DEPOSITS TO BOP COMMITTEE FOR EXAMINATION. NZ PREFERENCE IS FOR A WORKING PARTY.

THEY HAVE REMINDED SECRETARIAT THAT PRIOR DEPOSIT SCHEMES OF ITALY AND ICELAND (WP ON LATTER NEVER ACTUALLY MET) WERE REFERRED TO WP'S AND THUS NZ WOULD RESIST ANY DISCRIMINATION AGAINST THEM--ESPECIALLY SINCE (A) THEY NOT INVOKING ART. XII ANYWAY AND (B) DEPOSITS AFFECT ONLY 7 PERCENT OF IMPORTS.

2. EC HAS LET IT BE KNOWN THEY COULD ACCEPT BOP COMMITTEE EXAMINATION BUT WOULD NOT RESIST WP APPROACH SINCE ITALY WAS EXAMINED IN WP. JAPANESE MISSION IS UNINFORMED AND UNDECIDED; STRONGLY SUSPECT JAPAN WILL SUPPORT WP

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APPROACH. CANDAA MISSION FEELS THERE IS NO CLEAN-CUT

BASIS FOR INSISTING ON BOP COMMITTEE OVER WP.

3. NEW ZEALAND'S MOTIVATION APPEARS CLEAR ENOUGH TO US:  
THEY SIMPLY WISH AVOID HAVING TO ANSWER FOR RESIDUAL  
QR'S WHEN DEFENDING NEW IMPORT DEPOSIT SYSTEM.

4. OUR FEELING NOW IS THAT A RIGID US INSISTENCE ON  
BOP COMMITTEE EXAMINATION IS NOT USEFUL. IF THE NEW  
ZEALAND PRIOR DEPOSITS WERE BROADLY APPLIED, THIS CASE  
MIGHT HAVE BEEN A LIVING EXAMPLE OF SOME OF THE BOP  
COMMITTEE PRINCIPLES WHICH ARE BEING DISCUSSED IN THE  
G-18. AS IT IS, HOWEVER, THE DEPOSITS APPLY TO ONLY  
SEVEN PERCENT OF IMPORTS. TOO, THERE IS SIMPLY NO DENYING  
THAT ITALY AND ICELAND RECENTLY GOT WORKING PARTIES  
(BOTH IN 1974) TO EXAMINE DEPOSIT SYSTEMS WHICH HAD MUCH  
GREATER TRADE COVERAGE AND MORE CLEAR BOP MOTIVATION THAN  
THE NEW ZEALAND SCHEME.

5. ANOTHER CONSIDERATION IS THAT FALCONER OF THE  
NEW ZEALAND MISSION, THE NZ OFFICIAL MOST INVOLVED AT  
THIS END, IS ONE OF THE GWO GATT EXPERTS ON THE DISC PANEL  
WHICH MEETS NEXT MONTH. OUR INTEREST IN PRESERVING TRADE  
DISCIPLINE AND RESISTING PROLIFERATION OF RESTRICTIONS  
WILL BE SERVED BY FORMATION OF A WP. THERE IS THUS  
NOTHING IN THIS FOR THE US OF SUCH POTENTIAL IMPORTANCE  
AS TO COUNTERBALANCE THE DAMAGE OF UNNECESSARILY  
IRRITATING FALCONER ON THE EVE OF THE DISC PANEL--WHEN OUR  
RATIONALE FOR FAVORING BOP COMMITTEE HANDLING OVER A WP WOULD  
BE WEAK ANYWAY.

6. THEREFORE STRONGLY RECOMMEND THAT IN FEB 17 COUNCIL WE NOTE  
OUR REGRET AT NEED FOR NEW NZ MEASURES, STATE OUR PREFERENCE  
FOR BOP COMMITTEE HANDLING, AND GO ALONG WITH NZ REQUEST FOR WP.  
BRUNGART

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## Message Attributes

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**To:** STATE  
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